

ADMINISTRATIVE DIRECTIVE NO. 02-98

To Establish Authorization Procedures For Deposit of Public Funds

WHEREAS, all funds under the authority of the Palau National Treasury, including, but not limited to, local revenue collections, grants from outside agencies and organizations, donations and contributions, and funds held in trust, are subject to the requirement that reasonable safeguards must be employed to protect such funds from loss or misuse; and

WHEREAS, all funds held by, or due to, the Palau National Treasury, for expenditure from the National Treasury or appropriated by the Olbiil Era Kelulau for the purpose of transfer to any governmental agency, including state governments, or quasi-governmental agency, or public corporation, or, funds received and accounted for outside of the National Treasury which are public funds under the authority of the President of the Republic of Palau, e.g., United States Federal financial assistance which is granted to the Republic of Palau with grant applications and/or grant awards signed by the President, are subject to financial management policies and procedures necessary to ensure that such funds are deposited to banking or investment accounts that provide reasonable safeguards from loss or misuse,

NOW, THEREFORE, by virtue of the authority vested in me as President of the Republic of Palau, pursuant to the Constitution and applicable laws of the Republic, it is hereby directed that:

1. No checking, savings or other account shall be opened by any agency, organization, or state government which is the recipient of funds appropriated by the Palau National Congress, including grant funds transferred to agencies or organizations in Palau from the National Treasury, without the expressed written approval of the President of the Republic of Palau.
2. All public funds shall be deposited in a bank or other financial institution which is a member of the Federal Deposit Insurance Corporation (FDIC).
3. Any funds that are currently deposited in any financial institution that is not an FDIC member must be transferred within thirty (30) days of date of this administrative directive to a financial institution that is an FDIC member.
4. No funds may be transferred from the National Treasury to outside agencies or organizations or from Compact investment accounts for the purpose of investment in time certificates of deposit, money market funds, savings accounts, or other investment purposes outside of those held in accounts by the Compact funds custodian banks or Compact funds investment managers, except in accordance with appropriation law or other legislation that expressly states the authority for such transfer, and upon written notification to the President,

IN WITNESS WHEREOF, I have hereunder set my hand and affixed my official seal

this 28th day of May, 1998, in Koror State, Republic of Palau.

/s/

Kuniwo Nakamura
President of the Republic of Palau